

**641—201.12(135,75GA,ch158) Finance and solvency.** Solvency oversight shall be conducted by the division of insurance under an agreement with the department with examination fees paid as provided for in 201.3(135,75GA,ch158). For purposes of finance and solvency, including investments as detailed in 201.13(135,75GA,ch158), the ODS submits to the jurisdiction of the insurance division.

**201.12(1) *Accounting system.*** Statutory accounting principles shall apply to ODSs to ensure the accurate and complete reporting of financial information. Any premium or assessment amount that is not paid within three months of the due date shall be assumed uncollectible for financial statement purposes and in considering the amount of assessments and dividends.

**201.12(2) *Unencumbered funds.*** ODSs shall maintain at all times unencumbered funds that are the greater of:

- a. \$1 million; or
- b. Three times its average monthly claims for third-party providers. Average monthly expenditure is defined as liabilities incurred, including those which are outstanding. In addition to the requirements set forth above, the required unencumbered funds may be increased when, in the insurance commissioner's judgment, it is necessary to do so to protect the enrollees of the ODS.

**201.12(3) *Bond requirement.*** ODSs shall obtain a surety bond designating the commissioner of insurance as beneficiary in the event of the insolvency of the ODS in the amount and form acceptable to the commissioner of insurance.

**201.12(4) *Financially impaired or insolvent ODSs.*** The provisions of Iowa Code chapter 507C shall apply to ODSs, which shall be considered insurers for the purposes of chapter 507C. All HMOs and ODSs in the state operating within the service area of the ODS will provide a 30-day open enrollment in the event of insolvency of the ODS with no underwriting or preexisting conditions imposed. The open enrollment plan shall be actuarially equivalent to the standard benefit plan adopted by the small group reinsurance board.

**201.12(5) *Examination.*** The commissioner of insurance shall make an examination of the affairs of any ODS and its providers as often as the commissioner deems necessary for the protection of the interests of the residents of Iowa, but not less frequently than once every five years. Iowa Code chapter 507 shall be applicable to the examination of ODSs. The expense of such examination shall be assessed against the ODS in the same manner that insurers are assessed for examinations pursuant to chapter 507. ODS providers shall agree to fully cooperate with the insurance commissioner in providing access to books and records necessary for the commissioner to perform the examination process.

**201.12(6) *Annual financial statement.*** An ODS shall annually, on or before March 1 of each year, file with the commissioner of insurance an annual financial statement, covering the preceding calendar year, in a form prescribed by the commissioner. Such statement shall be verified by at least two of the ODS's principal officers. The ODS shall also file at this time an independent actuarial opinion certifying the adequacy of the ODS unencumbered funds. The commissioner may also request quarterly filings.